

# **CORRECTED FISCAL NOTE**

**HB 2240 - SB 2290**

March 16, 1998

**SUMMARY OF BILL:** Creates a property tax deferral program for certain elderly taxpayers. The program would defer an amount of tax not to exceed 80% of the equity in the property. Upon the taxpayer's death, if the heir is the spouse of the taxpayer, the deferral is continued during the life of the spouse.

## **ESTIMATED FISCAL IMPACT:**

On February 13, 1998, we issued a fiscal note on this bill that indicated:

*The fiscal impact of this bill is estimated to be a net decrease in first year local government revenues of \$983,500 and a net decrease in the second year of \$1,573,600. The impact is also estimated to be an increase in local government expenditures of \$50,000 annually for administration. This estimate assumes participation, in the first year, of 1,365 eligible householders (based on Illinois participation rates).*

**The estimated fiscal impact of this bill, based upon receipt of additional information, is:**

**Decrease Local Govt. Revenues - \$393,400 First Year / Net Impact / Permissive  
\$590,100 Second Year / Net Impact / Permissive**

**Increase Local Govt. Expenditures - \$50,000 / Permissive**

Assumes administrative expenses for local governments of \$50,000.

Estimates of decrease in revenues based on the following:

- Approximately 273,000 eligible householders in Tennessee.
- Participation of 546 eligible householders in the first year and 819 participants in the second year (based on Illinois participation rates).
- Median home sales in Tennessee were \$79,900 in 1995.
- Estimated composite property tax rate of \$2.742.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**HB 2240 - SB 2290 (CORRECTED)**